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VOC FOR PGM/FN  
BACKGROUNDER #5-6331  
BILL MARSH/MUNICH

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# CHRISTMAS RUSH IN EAST GERMANY

ANNCR:

REPORTS FROM EAST BERLIN INDICATE THAT EAST GERMANS ARE BUYING RECORD AMOUNTS OF LUXURY GOODS, BUT IT'S ONLY PARTIALLY ATTRIBUTABLE TO THE APPROACH OF CHRISTMAS. CORRESPONDENT BILL MARSH REPORTS FROM MUNICH.

VOICE:

CIGARETTES, LIQUOR, ELECTRICAL APPLIANCE, FANCY CLOTHING -- MOST OF IT FROM THE WEST -- ARE THE ITEMS HIGHEST ON THE LIST OF EAST GERMAN SHOPPERS, BUT THEY CAN ONLY BE OBTAINED BY THOSE WHO HAVE THE RIGHT CURRENCY IN THEIR POCKETS. AND THAT CURRENCY IS NOT THE EAST GERMAN MARK.

THE STORES WHERE THESE LUXURY GOODS ARE AVAILABLE ARE CALLED "INTERSHOPS" IN EAST GERMANY, AND THEY SPECIALIZE IN WESTERN IMPORTS -- OBTAINABLE ONLY WITH "HARD" WESTERN CURRENCIES.

UNTIL FIVE YEARS AGO, EAST GERMANS HAD NO ACCESS TO THESE STORES. THE SHOPS WERE FOR DIPLOMATS, FOR FOREIGN VISITORS, OR FOR THOSE WHO HAD MADE THEIR WAY TO THE TOP OR NEAR THE TOP OF THE PARTY HEIRARCHY.

BUT WITH THE INFUSION OF WEST GERMAN VISITORS INTO THE GERMAN DEMOCRATIC REPUBLIC, AS PROVIDED FOR UNDER THE QUADRIPARTITE AGREEMENT OF 1972, MORE AND MORE EAST GERMANS WERE ABLE TO FILL THEIR POCKETS WITH MORE AND MORE WEST GERMAN MARKS.

THE WEST GERMAN MARKS, AND THE RELAXATION OF RESTRICTIONS IN 1974, GAVE THEM ACCESS TO THE INTERSHOPS -- AND INTERSHOP BUSINESS BOOMED.

IN A REPORT TO THE CENTRAL COMMITTEE THIS WEEK, POLITBURO

MEMBER JOACHIM HERRMANN SAID THAT AS 1978 DRAWS TO A CLOSE, THE INTERSHOPS ARE REGISTERING A TURNOVER OF 700 MILLION MARKS. IT WAS THE FIRST TIME THAT TURNOVER FIGURES HAD BEEN RELEASED, EFFECTIVELY REVEALING WHAT HAS LONG BEEN ASSUMED: THE INTERSHOPS ARE AN ENORMOUS SUCCESS.

BUT IT'S THIS VERY SUCCESS THAT APPARENTLY IS BOTHERING THE EAST BERLIN GOVERNMENT, AND A WEST GERMAN NEWSPAPER REPORTS THAT NEW RESTRICTIONS WILL SOON BE PLACED ON INTERSHOP BUYING. THE PAPER QUOTES AN EAST BERLIN OFFICIAL AS SAYING THE RESTRICTIONS ARE NECESSARY BECAUSE OF FRUSTRATION AND DISCONTENT AMONG THOSE EAST GERMANS WHO ARE UNABLE TO GET THEIR HANDS ON WESTERN CURRENCIES.

THE REPORT THAT THE INTERSHOPS MIGHT SOON BE CLOSED TO EAST GERMANS -- OR AT LEAST TO MANY OF THEM -- HAS REACHED EAST BERLIN, PROMPTING THE CURRENT RUSH FOR THOSE CIGARETTES, THOSE WINES AND LIQUORS, THOSE RADIOS AND ELECTRIC SHAVERS THAT MAY SOON BE OUT OF THEIR REACH.

THE EXISTENCE OF INTERSHOPS IS KNOWN TO BE THE SUBJECT OF A RUNNING DEBATE AMONG EAST GERMAN PARTY AND GOVERNMENT LEADERS, WITH SOME SAYING THE SHOPS ARE NEEDED BECAUSE THEY GIVE THE COUNTRY A CONSTANT SUPPLY OF HARD CURRENCY -- CURRENCY THAT CAN BE USED TO PAY OFF EAST GERMANY'S BILLS FROM WESTERN COUNTRIES. BUT THERE ARE ALSO THOSE WHO FIND THE SHOPS "CORRUPTING AND DEMORALIZING", RESPONSIBLE FOR "LONG-TERM IDEOLOGICAL DAMAGE".

IT'S TOO EARLY TO DETERMINE THE FATE OF INTERSHOPS, BUT COMMUNIST PARTY LEADER ERICH HONECKER MAY HAVE GIVEN AN INDICATION IN AN INTERVIEW NOT LONG AGO. THE INTERSHOPS, SAID MR. HONECKER, "ARE NOT A PERMANENT FEATURE OF SOCIALISM".